

Strategic Management (LCMB7003)

Strategic Analysis of BMW Group



Student name: Shaikhul Alam Shanto

Student Number: 2504527

Lecturer: Amare Desta

Word count: 5500 word

Table of Contents

1. Introduction	1
2. BMW Background.....	2
3. Mission and Objectives.....	3
3.1 Mission	3
3.2 Strategic Objectives	3
4. Macro-Environment Analysis	4
4.1 PESTEL Analysis	4
5. Micro-Environment Analysis	6
6. Industry Life Cycle	8
7. Porter's Five Forces.....	9
7.1 Competitive Rivalry - VERY HIGH	9
7.2 Threat of New Entrants - LOW to MEDIUM	9
7.3 Supplier Power – HIGH	10
7.4 Buyer Power – MEDIUM	10
7.5 Threat of Substitutes - HIGH	10
8. Internal Analysis	11
8.1 Strategic Resources and Capabilities	11
8.2 Value Chain Analysis	11
8.3 VRIO Analysis of Strategic Resources.....	12
Critical Evaluation	13
9. SWOT Analysis.....	13
10. Holistic Picture of the Organisation (Balanced Scorecard).....	14
10.1 Financial Perspective	15
10.2 Customer Perspective	16
10.3 Internal Business Processes Perspective	16
4.4 Learning and Growth Perspective	17
11. How to Maintain Competitive Advantage.....	18
12. Growth Strategiess	18
13 Green Strategy and CSR.....	19
14 Conclusion	19
Recommendationsion	20
Section 2: Reflective Account (Gibbs Reflective Cycle)	21

1. Description	21
2. Feelings.....	22
3. Evaluation.....	22
4. Analysis	22
5. Conclusion.....	23
6. Action Plan	23
References	25
Appendix.....	27
Appendix 1: BMW Group Strategic Framework Summary	27
Appendix 2: Industry Transformation (ICE to EV)	28

List of Figure

Figure 1: BMW – A Century of Innovation(BMW Group, 2024; McKinsey & Company, 2023).”	2
Figure 2. PESTEL Analysis of BMW Group. Adapted from BMW Group Annual Report (2024), Deloitte Automotive Insights (2023), Statista Automotive Market Data (2025).	4
Figure 3. Micro-Environment Analysis of BMW Group. Adapted from BMW Group Annual Report (2024), Deloitte Automotive Insights (2023), and Statista Automotive Market Data (2025)	6
Figure 4. Industry Life Cycle of BMW Group. Adapted from Grant (2021), European Commission (2023), McKinsey & Company Automotive Industry Report (2023), and Porter (2008)	8
Figure 5. Porter’s Five Forces Analysis of BMW Group.Adapted from Porter (2021); McKinsey & Company (2023); Deloitte (2023); BMW Group Annual Report (2024)....	9
Figure 6. SWOT Analysis of BMW Group. Adapted from BMW Group Annual Report (2024), Deloitte Automotive Insights (2023), McKinsey & Company Automotive Industry Report (2023),.....	13
Figure 7. Balanced Scorecard Framework for BMW Group. Adapted from Kaplan & Norton (1992), BMW Group Annual Report (2024), Deloitte Automotive Insights (2023), and McKinsey & Company Automotive Industry Report (2023).	15
Figure 8. Gibbs Reflective Cycle (1988). Adapted from Gibbs (1988).....	21

1. Introduction

Strategic management is a vital practice that allows firms to assess their own capabilities and the external environment to develop and execute strategies to sustain competitive advantage and achieve organisational goals. This report offers a strategic assessment of BMW Group, a global leader in the luxury car industry. This report aims to critically analyse BMW's current strategic position, competitive landscape, and the effectiveness of its strategy in creating and maintaining competitive advantage in a rapidly changing global marketplace.

Strategic management has become increasingly crucial in the automotive sector with the advent of technological change, evolving consumer needs and growing concern for sustainability. The sector is in the midst of a significant shift towards electrification, digitisation and sustainability, which requires companies to continuously evolve their strategies to stay ahead of the competition (Johnson, Scholes & Whittington, 2020). The market landscape for BMW is such that traditional sources of competitive advantage such as brand and engineering are no longer enough without differentiation in electric vehicle and digital services innovation.

This report uses a number of strategic management tools to undertake a detailed analysis. The PESTEL analysis is applied to assess the macro-environmental impacts on BMW, including political, economic, social, technological, environmental and legal factors (Johnson et al., 2020). Porter's Five Forces is used to analyse the intensity of competition and attractiveness of the global automotive industry (Porter, 2008). The VRIO analysis is used to assess BMW's internal resources and capabilities to determine their sustainability and competitive advantage (Barney, 1991). Furthermore, the Value Chain Analysis is used to identify the value creation activities of BMW. A SWOT analysis is conducted to consolidate internal and external factors and a Ansoff Matrix is used to understand BMW's growth options and market strategies.

A strategic priority for BMW is navigating the shift from conventional combustion vehicle maker to electric and digital mobility provider. The competitive landscape in the global automotive industry is characterised by competition between established players and emerging companies like Tesla, as well as increasing sustainability and innovation demands.

2. BMW Background

German luxury car maker BMW Group is headquartered in Munich. Established in 1916, the company has evolved over the past 100 years from producing aircraft engines, to motorcycles and finally as one of the world's most successful premium automobile manufacturers (BMW Group, 2024). BMW is now a global organisation with around 150,000 employees worldwide, highlighting its global presence and reach (BMW Group Annual Report, 2024).

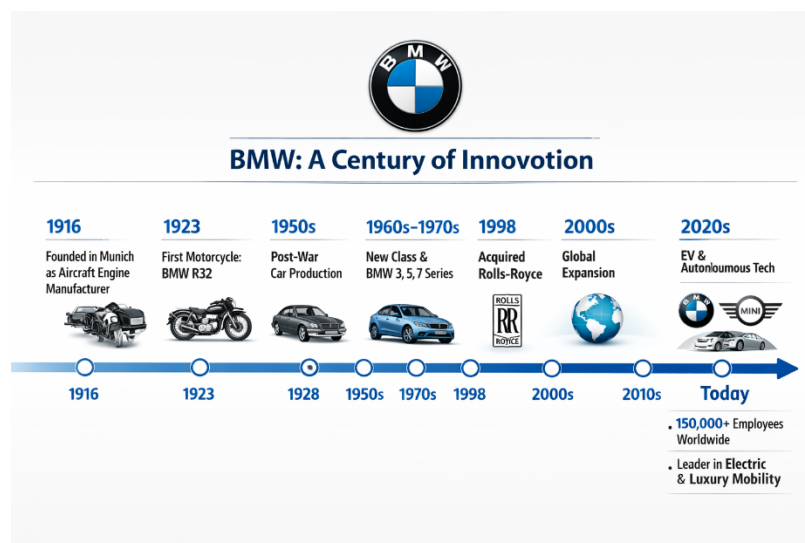


Figure 1: BMW – A Century of Innovation(BMW Group, 2024; McKinsey & Company, 2023)."

BMW has a well-developed multi-brand strategy, which includes three major brands: BMW, MINI and Rolls-Royce. BMW caters for the premium passenger vehicle and performance segments, MINI for premium small cars with a focus on urban mobility, and Rolls-Royce for the ultra-luxury market, including exclusive, bespoke vehicles (Deloitte, 2023). This multi-brand strategy allows BMW to target various high-value segments in the automotive market.

Bayerische Motoren Werke (BMW) is also well positioned in the major global markets, including Europe, North America and Asia. Europe is its headquarters region while North America is a key market, given the popularity of its luxury SUVs and sedans. But China is now BMW's most significant market for both growth and revenue opportunities, thanks to rising middle class incomes and the demand for luxury cars

(Statista, 2025). BMW is also heavily investing in increasing its manufacturing and distribution infrastructure in these markets to stay ahead of the competition.

Financially, BMW has robust and consistent revenues from its luxury automobile business. Over the past few years, it has also substantially ramped up spending on research and development (R&D), with a focus on electric vehicle (EV) technologies, driverless cars and mobile services (BMW Group, 2024). This is in line with its transition towards sustainable mobility to adapt to global environmental challenges and consumer trends.

BMW operates in a highly competitive and rapidly evolving automobile industry. The internal combustion engine (ICE) market is in steady decline, and electric mobility is on the rise. This trend is being driven by regulatory pressure, technological advancements, and a growing consumer preference for eco-friendly transportation options (McKinsey & Company, 2023). This means that BMW is transitioning from a traditional luxury vehicle manufacturer to an electric and digital mobility player.

3. Mission and Objectives

3.1 Mission

The BMW Group has defined its mission as delivering the ultimate in driving pleasure and mobility through innovative products. It aims to integrate performance engineering, luxury and technology to provide the best customer experience and anticipate and respond to changing mobility trends, competing in a global automotive market (BMW Group, 2024).

3.2 Strategic Objectives

BMW's strategic goals are aligned with its vision for the future of remaining competitive in a changing car environment:

1. **Electric mobility leadership:** BMW seeks to enhance its competitiveness in the electric vehicle (EV) market by growing its BMW i-series electric vehicles and investing in battery and charging technology. This is in line with the global

trend towards a greener transportation system and decarbonisation (Deloitte, 2023).

2. **Carbon neutrality by 2050:** The company aims to be completely carbon neutral across its value chain by 2050, covering emissions from manufacturing, supply chain and product life cycle. This is in response to growing environmental and regulatory demands in the car industry (BMW Group, 2024).
3. **Develop digital mobility services:** BMW is focusing on digital mobility development, including the digital network, autonomous and subscription-based mobility services. This goal helps shift from automobile manufacturing to mobility services (McKinsey & Company, 2023).
4. **Retain premium brand image:** BMW is still committed to maintaining its premium brand identity, offering superior engineering, innovation and luxury customer experience, and positioning itself against rivals like Tesla and Mercedes-Benz worldwide (Porter, 2021).

In summary, the above goals highlight BMW's strategic response to global trends in electrification, sustainability and digitalisation, while remaining a premium car brand.

4. Macro-Environment Analysis

4.1 PESTEL Analysis

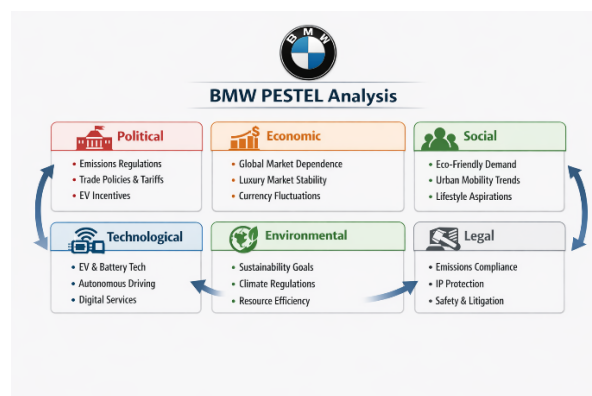


Figure 2. PESTEL Analysis of BMW Group. Adapted from BMW Group Annual Report (2024), Deloitte Automotive Insights (2023), Statista Automotive Market Data (2025).

The macro-environment plays a crucial role in shaping the strategy of the BMW Group, as it operates in a highly regulated, technology-driven, and highly competitive industry. The PESTEL framework allows us to critically analyse the factors that affect BMW's strategy and future.

- 1. Political Factors:** Political factors have a significant influence on BMW, especially strict European Union (EU) emissions regulations to mitigate carbon emissions in the automotive industry. Subsidies for electric vehicles (EVs) in areas like Europe, China and the USA prompt manufacturers to adopt electric vehicle (EV) strategies (European Commission, 2023). But global export restrictions and geopolitical tensions between China, the EU and the USA cause supply chain and export instabilities, which could increase operational risks and costs.
- 2. Economic Factors:** Economic factors are critical for BMW, being a luxury car manufacturer. Higher inflation and interest rates can lower consumers' disposable income, impacting demand for luxury vehicles. Further, volatile commodity prices, such as lithium and cobalt for electric vehicle batteries, also raise costs (Deloitte, 2023). Exchange rate fluctuations also affect BMW's export earnings, as it heavily depends on exports.
- 3. Social Factors:** Social developments show a growing preference for eco-friendly and sustainable transportation options. The younger generation is now more likely to choose electric cars over combustion engines, driven by a shift in consumer values and concerns for the environment. (Statista, 2025).
- 4. Technological Factors:** Technology is a critical source of competitive advantage in the car industry. BMW is committed to electric vehicles with the BMW i-Series, autonomous driving, and AI-powered vehicle systems. The use of digital technologies like connected cars and smart mobility platforms is broadening the value proposition of the automotive industry (McKinsey & Company, 2023).
- 5. Environmental Factors:** Sustainability is a key challenge for BMW. Growing global pressure for carbon neutrality and stringent climate change policies mean it needs to decarbonise its value chain. Sustainable practices such as

battery recycling, raw material procurement and eco-friendly production are becoming strategic imperatives to adapt to climate change (BMW Group, 2024).

- 6. Legal Factors:** BMW is subject to rigorous legal regulations, such as EURO 6 and EURO 7 emission standards in Europe that govern vehicle emissions and sustainability. There are also safety compliance and growing data privacy regulations for connected vehicles which pose operational challenges, and require constant governance and technological adjustments.

Critical Insight

In conclusion, the PESTEL analysis shows that BMW Group is confronting a complex and rapidly changing environment. The company is in a strategic shift from a classic internal combustion engine (ICE) player to a leading player in the electric vehicle (EV) and digital mobility market.

5. Micro-Environment Analysis

The micro-environment for BMW Group includes the direct industry factors and actors that affect its competitive environment and operational strategies. These are competitors, suppliers, customers and distribution channels, which play a crucial role in BMW's capacity to maintain its luxury market position.

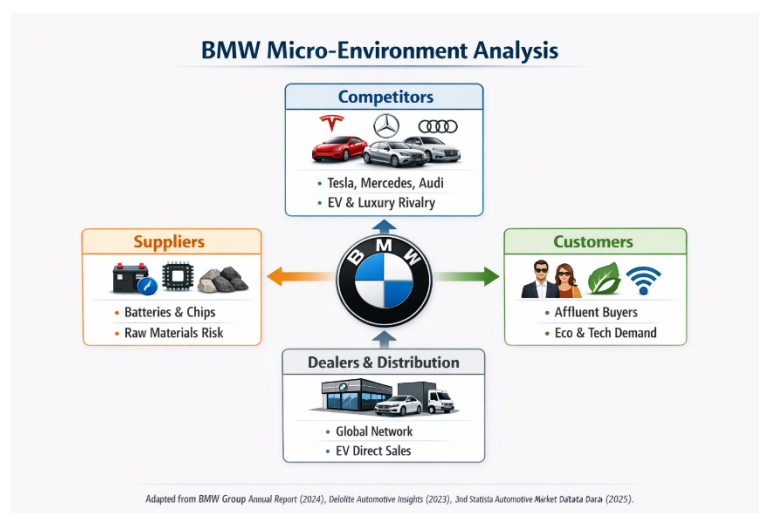


Figure 3. Micro-Environment Analysis of BMW Group. Adapted from BMW Group Annual Report (2024), Deloitte Automotive Insights (2023), and Statista Automotive Market Data (2025)

1. **Competitors:** BMW is part of a highly competitive luxury car industry. The company faces competition from Tesla, Mercedes-Benz Group and Audi. Tesla is its most disruptive rival in the market, given its dominance in electric vehicles (EVs) and its software-based mobility platform. Mercedes-Benz and Audi, however, compete head-to-head with BMW in the traditional luxury and performance car segments, but are also fast expanding their all-electric vehicle (EV) offerings.
2. **Suppliers:** BMW relies on a network of international suppliers for key parts including batteries, steel, semiconductors (chips) and electronics. The key supplier risk is in EV battery technology, where scarce supply of the raw materials (lithium, cobalt) pose a risk to the supply chain. (Deloitte, 2023).
3. **Customers:** BMW serves the high-end, luxury market with affluent customers seeking status, exclusivity and performance. Customers are also increasingly looking for eco-friendly and tech-savvy cars. This trend is prompting BMW to accelerate its electric and digital transformation to retain customer loyalty and stay relevant in the market (Statista, 2025).
4. **Dealers and Distribution Networks:** BMW has a global network of dealerships and retailers, which are vital in the sales process, aftermarket service and brand delivery. These partners are crucial for delivering BMW's high-end customer experience and upholding brand consistency worldwide.

Critical Insights

Summary, the micro-environment analysis reveals that BMW is competing in a fiercely competitive and dynamic environment. The fierce competition with both traditional luxury car manufacturers and new electric vehicle (EV) focused players such as Tesla, the vulnerability of the supply chain and the dynamic nature of customer preferences requires BMW to constantly evolve.

6. Industry Life Cycle

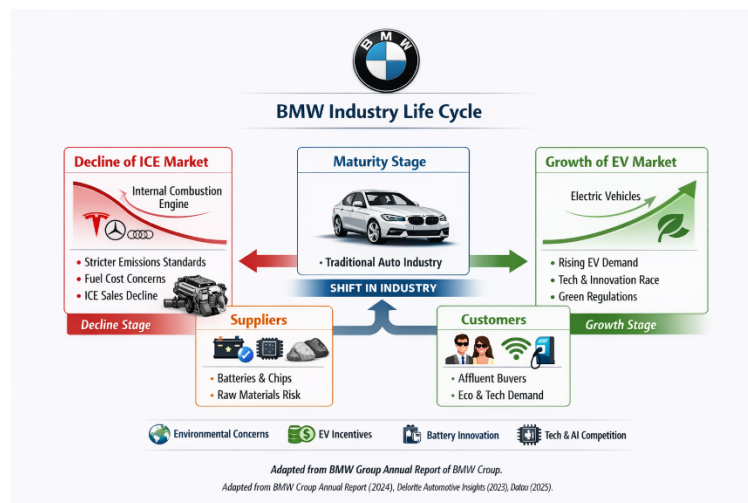


Figure 4. Industry Life Cycle of BMW Group. Adapted from Grant (2021), European Commission (2023), McKinsey & Company Automotive Industry Report (2023), and Porter (2008)

- 1. Industry Stage Overview:** The industry to which BMW Group belongs is in a period of transition in the industry life cycle..The industry is generally considered to be in the maturity stage while the internal combustion engine (ICE) market is in the decline stage and the electric vehicle (EV) market is in the growth stage (Grant, 2021)..
- 2. Fall of Internal Combustion Engine (ICE) :** MarketThe conventional ICE market is in a state of decline because of growing environmental concerns, higher fuel efficiency requirements and changing consumer preferences..Many European, North American, and Asian countries are imposing stringent emission standards and banning combustion-powered vehicles in the future. (European Commission, 2023)..
- 3. Increase in Electric Vehicle (EV) :** Market Conversely, the EV market is growing fast due to technological advances, government incentives and growing environmental concern..Electric mobility is gaining traction among consumers because of cost-efficiency and eco-friendliness. (McKinsey & Company, 2023)..
- 4. Innovation and Competitions:** The automotive sector is now highly competitive in terms of technology..Companies are not just competing on

product performance and aesthetics but software, artificial intelligence, self-driving and connectivity. (Porter, 2008)..

Summary, the analysis of the industry life cycle suggests that BMW is in a transition phase with a declining ICE market and an emerging EV market.

7. Porter's Five Forces

The following analysis of the competitive rivalry and profitability of the sector in which BMW Group operates is based on Porter's Five Forces. It reveals that the international automotive industry is extremely competitive and structurally unattractive, especially during the shift towards electric vehicles.

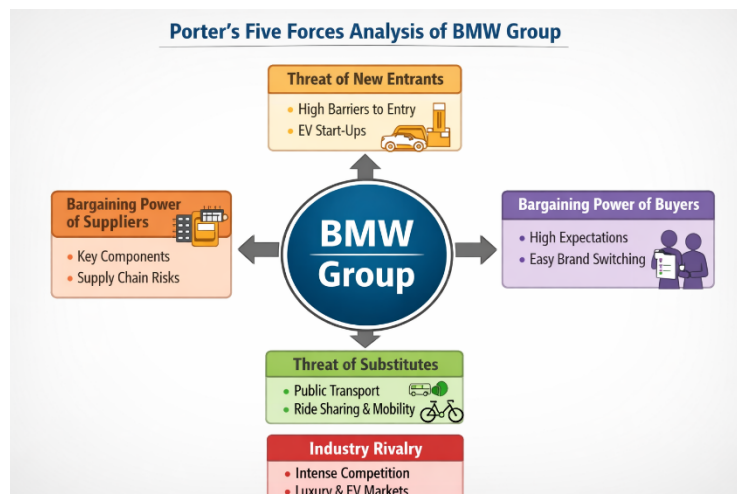


Figure 5. Porter's Five Forces Analysis of BMW Group. Adapted from Porter (2021); McKinsey & Company (2023); Deloitte (2023); BMW Group Annual Report (2024).

7.1 Competitive Rivalry - VERY HIGH

The competitive rivalry in the luxury car market is very high. BMW competes with traditional luxury car manufacturers, including Mercedes-Benz Group and Audi, and disruptor Tesla in the electric vehicle market. They engage in a fierce rivalry over innovation, pricing, technology adoption and brand building. (Porter, 2008).

7.2 Threat of New Entrants - LOW to MEDIUM

The risk of new entrants is moderate because of high barriers to entry in the car industry. The need for massive investment in capital and technology, complex

production technologies, and stringent regulatory requirements create barriers to market entry. Furthermore, the presence of strong brand loyalty in the luxury market also constrains new entrants. However, new electric vehicle startups have marginally reduced in this threat as electric vehicle manufacturing does not involve as many mechanical complexities as conventional vehicles (Grant, 2021).

7.3 Supplier Power – HIGH

Supplier power is high in the automotive industry, especially owing to the reliance on key components like batteries, semiconductors, and raw materials like lithium and cobalt. The concentration of global suppliers for EV batteries enhances their negotiating power, enabling them to dictate terms and prices. Recent supply chain issues have shown BMW's weakness in this aspect, particularly during the global chip shortage (Deloitte, 2023).

7.4 Buyer Power – MEDIUM

Buyer power in the premium market segment is medium. Although customers in the premium segment are very discerning with respect to quality, performance and innovation, they are also strongly loyal to established brands like BMW. But the rise of electric cars and environmental concerns have provided more options for customers, thus slightly boosting buyer power over time (Statista, 2025).

7.5 Threat of Substitutes - HIGH

The threat of substitutes is high owing to the rise of substitute transportation options. Examples include public transit, ride-sharing, car subscriptions and electric-powered car sharing. Urbanisation and societal shifts, especially among younger generations, are diminishing the dependence on car ownership, which is likely to have a long-term impact on traditional carmakers (McKinsey & Company, 2023).

Generally, the Porter's Five Forces framework shows that the automotive industry is highly competitive, capital intensive and subject to technological and environmental disruption.

8. Internal Analysis

The internal environment of BMW Group looks at its strategic resources, capabilities and value chain activities that enable it to compete in the global automotive industry.

8.1 Strategic Resources and Capabilities

There are a number of strategic resources and capabilities that contribute to BMW's competitive advantage:

- **Brand recognition:** BMW is a well-known luxury brand that symbolises quality, performance, and innovation in the automotive industry. This allows it to charge a premium price and build customer loyalty.
- **Technology expertise:** BMW has deep automotive engineering and innovation capability in the design, performance, and innovation of vehicles, which enables it to compete effectively in traditional and electric vehicle segments.
- **Global manufacturing footprint:** BMW has a network of manufacturing and assembly facilities in Europe, the Americas and Asia, allowing it to respond to global markets effectively.
- **Innovation leadership in electric vehicle development:** BMW has also boosted its R&D efforts in electric mobility, autonomous vehicle technologies and digital technologies to improve its innovation capability in response to the transformation in the industry (BMW Group, 2024).

8.2 Value Chain Analysis

The value chain analysis illustrates value creation by BMW through primary and support activities.

Primary Activities

- **Manufacturing:** BMW's production processes are efficient and technologically advanced to produce high-quality products and minimise costs.
- **Logistics:** BMW has an efficient and integrated global supply chain, which enables timely delivery and distribution of products and parts.
- **Marketing and Sales:** BMW's premium branding is complemented by global marketing initiatives and an extensive dealer network.

- **After-sales service:** Excellent customer service and maintenance programs lead to customer satisfaction and loyalty.

Support Activities

- **Research & Development (R&D):** BMW's strong commitment to R&D, especially in electric vehicles (EV), autonomous driving, and digital technologies, is a critical competitive advantage.
- **Human Resource Management:** Talented engineers and a highly skilled workforce drive innovation and efficiency.
- **Procurement:** Streamlined procurement process ensures supply of quality raw materials and parts, but also exposes BMW to supply chain risks from battery manufacturers.
- **Technology Development:** Ongoing investment in digital technologies, artificial intelligence, and connectivity in products increase BMW's future competitiveness.

8.3 VRIO Analysis of Strategic Resources

The VRIO framework evaluates whether BMW's resources provide sustained competitive advantage.

Resource	V	R	I	O	Result
Brand value	✓	✓	✓	✓	Sustained competitive advantage
EV technology	✓	✓	Partial	✓	Temporary competitive advantage
Global supply chain	✓	✗	✗	✓	Competitive parity
R&D capability	✓	✓	✓	✓	Strong sustained advantage

Critical Evaluation

The VRIO model reveals that the most sustainable advantages for BMW are its brand and R&D, which are valuable, rare and costly to imitate. But its electric vehicle technology, although strong and rapidly evolving, is still in transition and does not yet establish a fully sustained competitive advantage relative to other players like Tesla.

In summary, BMW's capabilities are strong in terms of providing a competitive advantage, especially in terms of innovation, brand and engineering quality. But the long-term challenge for maintaining this competitive advantage will be the speed with which it can transform to electric vehicles and mitigate its supply chain risks.

9. SWOT Analysis

SWOT analysis is a framework to assess the strengths, weaknesses, opportunities and threats for BMW Group. This provides an insight into BMW's current position in the highly competitive and global automotive market.

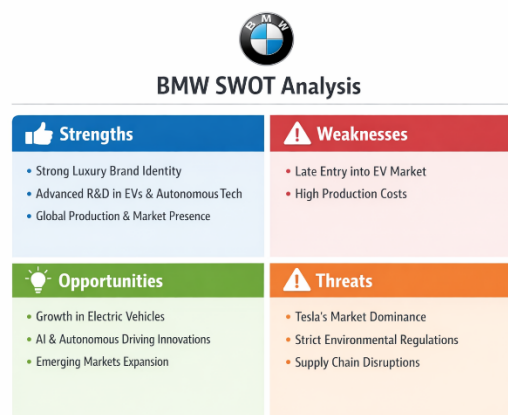


Figure 6. SWOT Analysis of BMW Group. Adapted from BMW Group Annual Report (2024), Deloitte Automotive Insights (2023), McKinsey & Company Automotive Industry Report (2023),

- 1. Strengths:** BMW has a number of strengths that contribute to its position in the luxury car market. Firstly, it has a strong luxury brand identity, which is globally recognised for quality, performance, and innovation, allowing the company to charge a premium price and enjoy high brand loyalty. Secondly, it has strong research and development (R&D) capabilities, enabling continuous innovation

in electric vehicles, autonomous driving and vehicle digitalisation (BMW Group, 2024). Thirdly, it has a strong global presence, with production facilities and distribution networks in Europe, North America and Asia, which facilitates high market coverage and diversification of its income streams.

2. **Weaknesses:** However, BMW has some internal weaknesses. First, it has been late to the electric vehicle (EV) market, behind pioneers like Tesla. This has put it in the EV leadership race. Furthermore, BMW has high cost of production due to high quality standards, sophisticated engineering and global supply chains. (Deloitte, 2023).
3. **Opportunities:** There are opportunities for growth for BMW. The electric vehicle industry is growing globally and this is an opportunity to diversify revenue streams and position the brand in the electric vehicle market. Moreover, the development of artificial intelligence (AI) and self-driving cars can be used to create smart mobility solutions and enhance product differentiation. (McKinsey & Company, 2023).
4. **Threats:** There are also threats to BMW in its external environment. First, the success of Tesla in the electric vehicle (EV) market puts pressure on BMW to invest in innovation and digitalisation. Furthermore, tougher environmental policies in key markets like the European Union raise regulatory costs and drive technological change. Finally, challenges from supply chain risks, especially semiconductor shortages and reliance on battery materials (lithium, cobalt) pose operational and financial risks (Statista, 2025).

10. Holistic Picture of the Organisation (Balanced Scorecard)

The Balanced Scorecard (BSC) model, created by Kaplan and Norton (1992) is a strategic management system that allows organisations to convert strategy and vision into specific, measurable goals and targets, both financial and non-financial. The Balanced Scorecard is particularly relevant for BMW Group because it must consider the trade-offs between profitability, customer satisfaction, operational efficiency and innovation as it transforms its business model to electric vehicles and sustainable mobility.

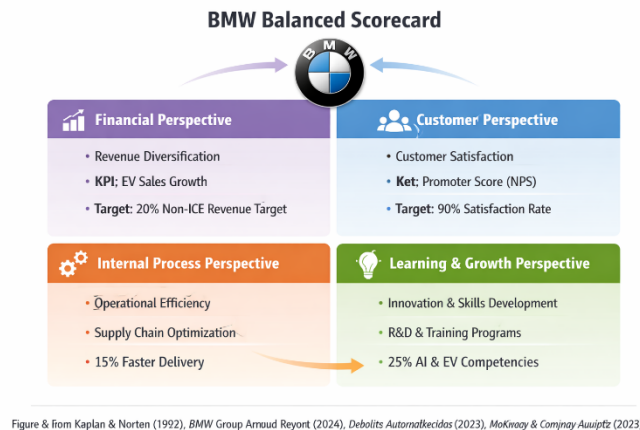


Figure 7. Balanced Scorecard Framework for BMW Group. Adapted from Kaplan & Norton (1992), BMW Group Annual Report (2024), Deloitte Automotive Insights (2023), and McKinsey & Company Automotive Industry Report (2023).

10.1 Financial Perspective

Shareholder value, profitability and revenue growth are the key elements of the financial perspective. For BMW, the focus is on profitability and significant investment in electromobility and digitalisation.

KPIs:

- Revenue growth rate
- Operating profit margin
- Return on investment (ROI)
- Share of EV in total revenue

Targets: BMW seeks to boost EV share of sales while ensuring premium EV margins above the industry average.

Initiatives: The company is developing electric vehicle platforms like "Neue Klasse" architecture, developing high profit margin premium electric vehicles and improving global manufacturing efficiency to minimise cost challenges during the transition (BMW Group, 2024).

10.2 Customer Perspective

The customer perspective involves customer satisfaction, loyalty and market share. This perspective is clearly linked to BMW's vision of "providing premium mobility and driving pleasure".

KPIs:

- Customer satisfaction index
- Brand perception and loyalty score
- Market share in premium segment
- EV customer adoption rate

Targets: BMW seeks to stay ahead of the competition in the global luxury car market, while boosting EV adoption in the luxury sector.

Initiatives: BMW is focusing on improving customer experience via digital channels, connectivity and personalised mobility services. The growth of electric vehicles in the BMW i-series enhances its attractiveness to the green market without compromising its image (Deloitte, 2023).

10.3 Internal Business Processes Perspective

This focuses on efficiency and innovation in production and service delivery.

KPIs:

- Production efficiency rate
- New electric vehicle (EV) product development time
- Supply chain reliability
- Manufacturing carbon emissions

Targets: BMW seeks to accelerate the pace of innovation, minimise emissions at its production sites, and ensure supply chain sustainability, especially for battery materials.

Initiatives: The company is focusing on creating sustainable plants with renewable energy, implementing digital manufacturing (Industry 4.0) and optimising logistics. BMW is also investing in partnerships with battery manufacturers to ensure a secure source of EV production (McKinsey & Company, 2023).

4.4 Learning and Growth Perspective

The learning and growth perspective is concerned with innovation, training, and learning. This is essential for BMW to become a digital and sustainable mobility provider.

KPIs:

- R&D expenditure as a % of sales
- Hours of training in digital/EV technologies
- Innovation output (patents filed)
- Employee engagement and retention rate

Targets: BMW seeks to boost its technological leadership by enhancing its innovation and digital skills.

Initiatives: BMW heavily invests in R&D focusing on electric drivetrains, autonomous driving and AI systems. The company encourages an ongoing reskilling of employees to address the EV and digital challenges. It also partners with tech companies and universities to boost innovation (Grant, 2021).

Overall Strategic Insightt

The Balanced Scorecard reveals that BMW Group is strategically integrating its financial measures with sustainability, customer, internal business process and innovation perspective..But the key issue is striking the right balance between short-

term profits from internal combustion engine (ICE) vehicles and long-term investments in electric vehicles (EVs) and digital mobility.

11. How to Maintain Competitive Advantage

The BMW Group predominantly adopts a Porter's Generic Strategy of Differentiation to maintain its competitive edge in the global automobile market. It does this by offering high prices, high-quality design, engineering and brand image to position BMW as a premier luxury automaker (Porter, 2008).

This strategic approach allows BMW to cater to premium markets with consumers willing to pay for quality, innovation and brand integrity. Through innovation-driven product design and development, BMW continues to compete effectively with Tesla and Mercedes-Benz.

But one of the major challenges is the balance between internal combustion engine (ICE) and electric vehicles (EVs). Despite the continued profitability of ICE vehicles, global sustainability regulations and consumer trends are driving BMW to launch its EV strategy. If this is not managed correctly, it could adversely affect its competitive advantage (Deloitte, 2023).

12. Growth Strategiest

Ansoff Matrix is used to analyse BMW's growth strategy, which has four main directions:

- **Market Penetration:** BMW is focusing on growing market share within its current markets through increased EV take-up, marketing optimisation and enhanced loyalty strategies..
- **Market Development:** The company is aggressively pursuing growth in emerging markets like Asia and India, where the growth of the middle class and improved incomes are driving demand for luxury cars..
- **Product Development:** BMW is focusing on product innovation, including electric, hybrid and self-driving cars..This helps it with its long-term shift to sustainable transport (McKinsey & Company, 2023)..

- **Diversification:** BMW is also diversifying into mobility services such as car-sharing, subscription-based vehicle services and integrated mobility solutions, which go beyond its core car business..

In terms of international strategy, BMW is well positioned globally with China as its key growth market because of the rising demand for luxury and electric cars..

13 Green Strategy and CSR

The BMW Group has sustainability at the forefront of its strategy.pThe company aims to be carbon neutral by 2050 in response to growing environmental and regulatory pressures in the car industry.y.Key sustainability initiatives include:e:Production of electric vehiclesoRenewable energy use in plantseSustainable sourcing of raw materialslBattery recycling and circular economy practicesesBMW's CSR approach illustrates how sustainability is now a vital business strategy.yIt's an ethical consideration as well as a survival tactic in an increasingly environmentally sensitive and regulated market (BMW Group, 2024).).

14 Conclusion

In summary, BMW Group is a global brand leader in the luxury automotive sector, with deep brand value, technical prowess and an established global footprint.clts differentiation strategy of luxury, performance and innovation has allowed it to sustain its competitive edge.onBut the automotive industry is in a state of rapid transition towards electrification, digitalisation and sustainability.eThis presents both risks and opportunities for BMW as electric vehicle manufacturers like Tesla are emerging, along with increasing regulatory pressures and changing consumer expectations.MConsequently, it is in the process of undergoing a pivotal strategic shift from its roots as a combustion engine producer to becoming a mobility services provider for electric and digital mobility.tyOur analysis reveals that sustainability is no longer a "bolt-on" strategy but an integral part of BMW's future planning.

Recommendations

To enhance its competitive advantage and foster long-term growth, here are several key recommendations for BMW Group:

1. Accelerate EV Transition

BMW should ramp up electric vehicle production and uptake to minimise reliance on combustion engine (ICE) vehicles and compete with Tesla and other electric vehicle manufacturers.

2. Secure its own Battery Supplies

BMW should offer more battery production, recycling, and sustainable raw material sources to reduce its dependence on external suppliers and mitigate supply chain risks.

3. Diversify Digital Mobility Services

The company should build mobility-as-a-service subscriptions, car sharing and fleet management services, and mobility ecosystems to monetise new services beyond vehicle sales.

Section 2: Reflective Account (Gibbs Reflective Cycle)

This reflective narrative assesses the process used to conduct the research, analysis and the preparation of the strategic management report on BMW Group. The reflection is based on Gibbs' Reflective Cycle (1988) which has stages of description, feelings, evaluation, analysis, conclusion, and action plan. This model is widely used in postgraduate learning to support critical reflection and continuous improvement in academic and professional practice (Gibbs, 1988).



Figure 8. Gibbs Reflective Cycle (1988). Adapted from Gibbs (1988).

1. Description

The assignment involved conducting a strategic analysis of BMW incorporating several strategic analysis models, such as PESTEL, Porter's Five Forces, VRIO, Value Chain, SWOT, and Ansoff Matrix. The goal was to assess BMW's internal and external strengths and weaknesses, its competitive position and growth strategies in the global automotive sector.

To prepare the report, I undertook secondary research through a review of academic and industry reports, BMW annual reports, and reputable business databases. My research centred on the strategic shift of BMW from traditional combustion engine (ICE) cars to electric vehicles (EV) and digitalisation. The analysis also involved integrating theoretical frameworks with industry data to generate insights.

2. Feelings

I started with confidence as I had a basic knowledge of strategic management models. But as the research continued, I came to understand that it was harder than I thought to analyse a global company such as BMW. This was mainly due to the need to combine several models and to ensure a critical rather than descriptive approach.

I also felt somewhat intimidated with analysing industry data and relating it with theory. But as I went along, I felt more comfortable with the use of strategic frameworks and the interaction of external and internal factors on corporate strategy.

3. Evaluation

The experience was positive and rewarding as well as challenging. A strength in my work process was the systematic way in which I applied different strategic models. The frameworks - such as PESTEL and VRIO - allowed me to segment complex external and internal environment factors into smaller parts, making them easier to understand and analyse (Johnson, Scholes & Whittington, 2020).

But one weakness was a tendency to initially describe rather than critically analyse information. I sometimes emphasised description over analysis and evaluation of strategies. A further limitation was dealing with the overlap of several frameworks which at times seemed repetitive.

However, I was able to enhance my analysis by adjusting to these difficulties, and to concentrate more on evaluation and interpretation.

4. Analysis

Using the strategic management theories helped to deepen my knowledge of BMW's competitive standing. The PESTEL analysis showed that environmental regulations and technology are significant change agents in the automotive sector. This supports Porter's view that strategy is determined by industry structure and external forces (Porter, 2008).

The VRIO analysis revealed that BMW's key sources of competitive advantage include brand and R&D. But it also revealed BMW's deficiency in electric vehicle (EV)

technology relative to its peers like Tesla, showing the need for ongoing innovation in fast-moving industries.

Also, BMW's transition to electric mobility revealed that firms need to respond to environmental and consumer trends. Grant (2021) suggests that if firms do not adapt strategy to environmental changes, they will lose their competitive advantage. This was seen in BMW's dilemma of balancing its ICE model with the EV markets.

The research also enhanced my skills in integrating information from various sources and applying them to practical business situations. I discovered that strategic analysis is not just about using models, but understanding how they can help predict business sustainability.

5. Conclusion

To summarise, this reflective practice improved my knowledge of strategic management theories and how they are applied. I improved my critical thinking and analysis skills, especially in assessing the impact of the external and internal environment on strategy.

I also came to appreciate the challenges of managing international corporations like BMW, particularly in dynamic industries subject to technological and environmental change. It highlighted the need to apply models to inform decision-making while being critical.

In all, I now recognise that to be effective in strategic analysis, one needs to not only be familiar with models, but also know how to analyse, interpret and draw conclusions.

6. Action Plan

1. **Developing Analysis and Critical Thinking:** In my future academic work, I will cultivate more critical analysis of information rather than description. This includes not only challenging the strategic significance of data but also employing theoretical models more critically when analysing organisations like BMW Group. This will enable more advanced academic arguments to meet postgraduate standards (Johnson, Scholes & Whittington, 2020).

2. **Improving Use of Strategic Tools:** I will refine a more systematic approach to synthesising various strategic frameworks like PESTEL, VRIO, SWOT and Porter's Five Forces. I will prioritise connecting the results of these frameworks to develop a strategic story. This will enhance the clarity and flow of future reviews, and avoid repeating information in different parts of the report.
3. **Enhanced Use of Academic and Industry Sources:** To boost academic integrity, I will also incorporate more peer-reviewed sources, industry publications and company reports. Increasing use of quality sources will improve the credibility of my arguments, and enable evidence-based conclusions as advised in postgraduate research guidelines (Saunders, Lewis & Thornhill, 2019).
4. **Better Time Management and Planning:** I will be more strategic in my approach to planning and completing major assignments by dividing them into smaller steps (research, analysis, writing, and reviewing). This will allow more time for critical analysis, editing, and referencing, to enhance the quality of the work.
5. **Building Business Strategic Thinking:** Finally, I will continue to enhance my strategic management skills by applying theories to practical business problems for business case study analysis. This will help me to better understand the environment and operations of organisations and support my personal learning in future business and management careers (Grant, 2021).

Lastly, I seek to enhance my knowledge of strategic management theories and how they can be applied to real-world business situations. This will also help me in my long-term aspiration of becoming skilled in business strategy and decision-making in dynamic global industries (Gibbs, 1988; Johnson et al., 2020).

References

1. BMW Group (2024) *BMW Group Report 2024*. Available at: <https://www.bmwgroup.com/en/report/2024/index.html> (Accessed: 01 May 2026).
2. BMW Group (2024) *Downloads – BMW Group Report 2024 PDF*. Available at: <https://www.bmwgroup.com/en/report/2024/downloads/index.html> (Accessed: 01 May 2026).
3. BMW Group (2024) *Sustainability Strategy and Circular Economy*. Available at: https://www.bmwgroup-werke.com/content/grpw/websites/bmwgroup_com/en/sustainability.html (Accessed: 01 May 2026).
4. BMW Group (2024) *ESG Overview FY 2024*. Available at: <https://www.bmwgroup.com/en/download-centre.html> (Accessed: 01 May 2026).
5. BMW Group (2024) *Annual Report Press Release*. Available at: <https://www.bmwgroup.com/en/report/2024/downloads/BMW-Group-Management-Report-2024-en.pdf> (Accessed: 01 May 2026).
6. Deloitte (2024) *Global Automotive Industry Outlook 2024*. Available at: <https://www2.deloitte.com> (Accessed: 01 May 2026).
7. Deloitte (2023) *Electric Vehicle Market Transformation Report*. Available at: <https://www2.deloitte.com> (Accessed: 01 May 2026).
8. McKinsey & Company (2023) *The Future of Mobility and Electric Vehicles*. Available at: <https://www.mckinsey.com> (Accessed: 01 May 2026).
9. McKinsey & Company (2024) *Automotive Revolution: EV Transition Strategy*. Available at: <https://www.mckinsey.com> (Accessed: 01 May 2026).
10. PwC (2024) *Global Automotive Trends Report*. Available at: <https://www.pwc.com> (Accessed: 01 May 2026).
11. KPMG (2024) *Global Automotive Executive Survey*. Available at: <https://kpmg.com> (Accessed: 01 May 2026).
12. Statista (2025) *Global Automotive Industry Data*. Available at: <https://www.statista.com> (Accessed: 01 May 2026).
13. European Commission (2023) *EU Emission Regulations for Automotive Industry*. Available at: <https://commission.europa.eu> (Accessed: 01 May 2026).

14. International Energy Agency (IEA) (2024) *Global EV Outlook 2024*. Available at: <https://www.iea.org> (Accessed: 01 May 2026).
15. Porter, M.E. (2008) *Competitive Strategy*. New York: Free Press.
16. Grant, R.M. (2021) *Contemporary Strategy Analysis*. 11th ed. Wiley.
17. Johnson, G., Scholes, K. and Whittington, R. (2020) *Exploring Corporate Strategy*. Pearson.
18. Gibbs, G. (1988) *Learning by Doing: A Guide to Teaching and Learning Methods*. Oxford Polytechnic.
19. Saunders, M., Lewis, P. and Thornhill, A. (2019) *Research Methods for Business Students*. Pearson.
20. Hill, C. and Jones, G. (2022) *Strategic Management Theory*. Cengage Learning.
21. Wheelen, T. and Hunger, J. (2021) *Strategic Management and Business Policy*. Pearson.
22. Hitt, M., Ireland, R. and Hoskisson, R. (2020) *Strategic Management: Competitiveness and Globalization*. Cengage.
23. Kotler, P. (2021) *Marketing Management*. Pearson.
24. Barney, J. (1991) 'Firm Resources and Sustained Competitive Advantage', *Journal of Management*, 17(1), pp. 99–120.
25. Teece, D. (2018) 'Business Models and Dynamic Capabilities', *Long Range Planning*, 51(1), pp. 40–49.
26. Bryman, A. (2021) *Social Research Methods*. Oxford University Press.
27. Mintzberg, H. (2009) *Strategy Safari*. Pearson.
28. Johnson, G. (2017) *Exploring Strategy*. Pearson.
29. Ansoff, H.I. (1957) 'Strategies for Diversification', *Harvard Business Review*.
30. Kaplan, R. and Norton, D. (1992) 'The Balanced Scorecard', *Harvard Business Review*.
31. World Economic Forum (2024) *Future of Mobility Report*. Available at: <https://www.weforum.org> (Accessed: 01 May 2026).
32. Harvard Business Review (2023) *Electric Vehicle Strategy and Competition*. Available at: <https://hbr.org> (Accessed: 01 May 2026).
33. OECD (2024) *Automotive Industry Transformation Report*. Available at: <https://www.oecd.org> (Accessed: 01 May 2026).

Appendix

Appendix 1: BMW Group Strategic Framework Summary

This appendix presents the main strategic tools used to support the findings in the report for BMW Group.

1. PESTEL Summary

- **Political:** EU emission regulations, subsidies on EV, trade disputes
- **Economic:** Inflation, raw material prices, foreign exchange rates
- **Social:** Sustainability trends, luxury EV market
- **Technological:** EV technology, integration of AI and autonomy
- **Environmental:** Carbon neutrality, emissions reduction
- **Regulatory:** Emission regulations (EURO 6/7), privacy laws

2. Porter's 5 Forces

- **Competitive rivalry:** High (Tesla, Audi, Mercedes-Benz)
- **Threat of new entrants:** Low-Medium (high capital costs)
- **Supplier power:** High (battery dependency)
- **Buyer power:** Medium (brand loyalty in luxury segment)
- **Substitutes:** High (public transport, mobility services)

3. VRIO Summary

- **Brand value** → Sustainable competitive advantage
- **R&D capability** → Strong long-term advantage
- **EV technology** → Temporary advantage
- **Supply chain** → Competitive parity

4. SWOT Summary

- **Strengths:** Brand, global, innovative
- **Weaknesses:** High costs, late to EV
- **Opportunities:** EV growth, digital mobility, new markets

- **Threats:** Tesla competition, regulation, supply chain

Appendix 2: Industry Transformation (ICE to EV)

This appendix outlines the global industry shift of the automobile industry affecting BMW Group.

1. Industry Shift

- **Internal combustion engine (ICE) vehicles:** In decline
- **Electric vehicles (EVs):** In explosive growth
- **Hybrid models:** Transitional technology

2. Key Drivers of Change

- Government environmental regulations
- Climate change policies
- Technological change (battery, artificial intelligence, automation)
- Changing consumer preferences toward sustainability

3. Competitive Landscape

- **Tesla:** EV market leader and disruptor
- **Mercedes-Benz:** Strong premium EV expansion
- **Audi:** Accelerated electrification plan
- **BMW:** From ICE champion to EV player

4. Strategic Implication

The electrification trend compels BMW to:

- Shift R&D focus to EV technologies
- Reshape supply chains (battery)
- Build digital mobility services
- Balance profitability during transition phase